REMARKS

Claims 1-2 and 4-39 are now pending in this application. Claim 1 has been amended; claim 39 is new.

The following remarks are in response to the Office Action mailed September 20, 2006.

Claims 1-24 stand rejected under 35 U.S.C. § 103(a) as being unpatantable over Shaw in view Condamoor (U.S. Pat. No. 7,003,486). This rejection is respectfully traversed.

Remarks made in Applicants' previous responses are incorporated herein by reference and reiterated. As explained in the detailed description, information about one market participant's trading intentions can adversely affect other participants' perception of what constitutes a fair price for a large trade. As a result, most participants in the financial markets keep their intentions very confidential and thereby often forfeit the opportunity of large trades, opting instead for moving positions one small piece at a time.

For example, if a large pension fund manager decides to sell their holdings in a particular stock, the number of shares involved can be so large that prices could be expected to fall considerably as the position is reduced over the course of several weeks. Mutual funds are required to report their holdings on a quarterly basis, but what they are doing on a day to day basis is kept in strict confidentiality. Yet this very information is what could potentially be used to facilitate a trade with another mutual fund, perhaps faced with the opposite problem of having to purchase a large amount of stock.

The purpose of the subject invention is to make it possible for a first participant to confidentially disclose his or her trading interest information to a subject system, knowing that said system will under no circumstances forward the information to any other trader. An example of such confidential information is real-time data flowing through clearing and settlement systems, as disclosed in the subject invention. The information that flows through IT systems in the clearing and settlement systems carries the real time trading positions of all participants; consequently, no market participant would reasonably agree to let this information be disclosed to others. Instead, the only effect of providing confidential information to the subject system is to attract firm orders from other participants. The participant placing a firm order does not receive any information back from the system, but simply has the order routed to the most likely counterparty.

Claim 1 has been further amended to emphasize that potential counterparties are screen to remove those likely to abuse knowledge of the order. This amendment, as well as new claim 39, is supported throughout the specification, especially at pages 14-17.

The Patent Office appears to have appreciated that Shaw fails to teach several limitations of claim 1, stating, for example, in the Office Action that "Shaw does not disclose wherein no information regarding said second market participant is transferred to said first market participant.

The Patent Office now is relying upon Condamoor, citing column 6, lines 10-20 and column 8, lines 25-32 as teaching an electronic trading system wherein no information regarding said second market participant or confidential trading information received from said second market participant is transferred to said first market participant. Applicant respectfully submits that this is not the only claim 1 limitation that Shaw fails to teach. Moreover, Applicant respectfully disagrees with the Patent Office's interpretation of the teachings of Condamoor.

Condamoor, column 6, lines 10-20 read as follows:

> The invention enables a multi-party trading scenario. A multi-party trading system is identified as one in which there are multiple trading partners each belonging to a service category and providing or consuming one or more trading elements of that or of other service categories. The trade involves multiple trading elements where each element is valued in different dimensions of attributes.

Thus, column 6, lines 10-20 discuss only a "multi-party trading scenario."

Column 8, lines 25-32 of Condamoor read as follows:

> Each Trade Agent is aware of the True Value that its Trading Partner ascribes to a given trading element and uses this information to make decisions about participating in a deal. Each Trade Agent keeps this information about the True Values confidential from the exchange and from all other trading partners and only discloses this information to selected trading partners if authorized to do so by the Trading Partner.

This excerpt teaches only that Trading Agents (e.g., brokers) don't disclose to the market what their clients tell them. It doesn't say anything about what information a Trading Agent does disclose to the market, or how contraparties are identified.

Assuming for the sake of argument that a combination of the teachings of Shaw with those of Condamoor would result in an operable system, that combination would result in a

system wherein agents place IOIs into Harborside (Shaw's system) in order to be invited into deal opportunities, then use confidential information about true value to decide if they want to participate in a deal or not.

The method of claim 1 differs from Shaw/Condamoor in that it takes into account the fact that disseminating an invitation into a deal opportunity in itself is leaking too much information: the fact that there is a trading opportunity implies that someone is interested on the contra side, and that information could be used by an unscrupulous trader to manipulate the market. The claimed invention removes this pre-deal information leak for the party who provides the confidential information used in creating a dissemination list.

As a consequence, the claimed invention, in contrast to Shaw, Condamoor, or a combination thereof, solves the preference revelation problem (how to get people to reveal their true intentions when they would normally not do so, thereby increasing their chances of attracting/finding potential contras) through a specific flow of information.

There are significant differences between trading systems, especially regarding who gets what information, when they get that information, and the direction in which that information flows. Trading systems succeed or fail based on these differences. Both Harborside (Shaw's system) and Optimark (Lupien's system) failed. In contrast, the present invention has been licensed by NASDAQ.

Applicants therefore again respectfully request the Patent Office to reconsider and withdraw the rejections of claims 1-2 and 4-24.

Claims 2 and 4-24 are not addressed in the Office Action. If the Patent Office cannot find prior art that anticipates those claims, or renders them unpatentable, those claims should be allowed.

Claims 25-30 stand rejected under 35 U.S.C. § 103 as unpatentable over Shaw in view of Lupien. This rejection was traversed in the previous responses, and the remarks made to support that traversal are incorporated by reference herein to maintain that traversal.

Lupien teaches nothing about calculating probabilities or of ranking market participants on a dissemination list in order of likelihood of taking a contra side of an order. Columns 3 and 4 of Lupien merely describe a three-dimensional matrix whose coefficients are (price, size,

satisfaction density profile). The satisfaction density profile values are input by a user ("trader")[1] – not calculated by the system,[2] and in particular not based on any sort of probability calculated by the system. Consequently, the Office Action is incorrect in its characterizations of both Lupien and Shaw, and the rejection of claims 25-30, since it is based on those mischaracterizations, should be withdrawn.

The Patent Office is respectfully reminded of MPEP 707.07(f), which states: "Where the applicant traverses any rejection, the examiner should, if he or she repeats the rejection, take note of the applicant's argument and answer the substance of it." The Office Action does not satisfy MPEP 707.07(f) regarding the rejection of claims 25-30. Applicant's previous remarks and arguments are not addressed in the Office Action. Moreover, the limitations of claims 26-30 are not addressed.

The Office Action does not mention claims 31-38. Claims 31, 34, and 38 are independent claims, and as such deserve to be separately discussed in detail. Dependent claims 32, 33, and 35-37 also should be addressed. Again, if the Patent Office has not found prior art that anticipates those claims, or that in combination renders them unpatentable, those claims should be allowed.

New claim 39 depends indirectly from claim 1, and thus is patentable over Shaw and Condamoor for the reasons discussed above regarding claim 1. Moreover, neither Shaw not Condamoor teaches having a second market participant is a market maker, and wherein a step of comparing data provided by a plurality of market participants comprises netting out middlemen to identify an end buyer and an end seller in a trade results in identifying net market position of the market maker.

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1 See. e.g., Lupien, col. 3, line 65 through col. 4, line 14.

2 The system does calculate cross products and performs other calculations based on the matrix values provided by traders, but such calculations generally are simple additions and multiplications involving the matrix values – no probabilities are involved.

All claim rejections are believed to have been overcome by this Response. All pending claims are therefore believed to be allowable, and a prompt Notice of Allowance would be appreciated.

No fee is believed due with this Response, other than the extension fee authorized above. However, please charge any required fee to Deposit Account No. 50-0310.

Respectfully submitted,

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